

FY2022 Third-Quarter Consolidated Financial Results (December 1, 2021 - August 31, 2022)

Company name : **OSG Corporation**
 Shares listed : Tokyo and Nagoya Stock Exchanges
 Code number : 6136
 Location of the head office : Aichi Prefecture
 Representative : Nobuaki Osawa, President
 Contact person : Junichi Kawamura, Accounting Manager
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(Amounts less than one million yen are omitted)

1. Consolidated Results for FY2022 Third-Quarter (December 1, 2021 - August 31, 2022)

(1) Consolidated financial results (% indicates changes from the previous corresponding term)

	Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 third-quarter	103,502	11.8	15,034	32.9	16,264	42.6	11,349	45.3
FY2021 third-quarter	92,541	19.4	11,311	93.7	11,406	88.6	7,811	109.2

(Note) Comprehensive income FY2022 third-quarter: 25,110 million yen (107.9%)
 FY2021 third-quarter: 12,076 million yen (1,277.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022 third-quarter	117.48	-
FY2021 third-quarter	80.07	79.24

(Note) 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022 first-quarter.

2. The diluted net income per share for FY2022 third-quarter is not stated as there were no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2022 third-quarter	220,605	171,357	72.3
FY2021	209,757	154,800	68.6

(Reference) Equity FY2022 third-quarter: 159,477 million yen FY2021: 143,811 million yen

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022 first-quarter.

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2021	14.00	22.00	36.00
FY2022	23.00		
FY2022 forecast		26.00	49.00

3. Forecast of Consolidated Results for FY2022 (December 1, 2021 - November 30, 2022)

(% indicates changes from the previous term)

	Net sales		Operating income		Ordinary income		Net income attributable to OSG Corporation		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	135,000	7.0	20,200	25.4	20,200	25.1	13,600	23.8	140.77

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. have been applied from FY2022 first-quarter.

4. Others

- (1) Changes in significant subsidiaries during the current period
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : None
- (2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Yes
- (3) Changes in accounting principles and accounting estimates and retrospective restatement
- | | |
|--|------|
| (i) Changes in accounting principles due to amendment to accounting standards: | Yes |
| (ii) Changes other than (3)-(i) above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatement: | None |
- (4) Number of shares issued and outstanding (common stock)
- (i) Number of shares issued and outstanding at the end of each period (including treasury stock):
- | | |
|-----------------------|-------------------|
| FY2022 third-quarter: | 99,182,517 shares |
| FY2021: | 98,196,724 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|-----------------------|------------------|
| FY2022 third-quarter: | 3,547,925 shares |
| FY2021: | 528,458 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|-----------------------|-------------------|
| FY2022 third-quarter: | 96,608,345 shares |
| FY2021 third-quarter: | 97,548,439 shares |

[Note regarding forecast]

The above forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

Consolidated Summary Balance Sheet

OSG Corporation

Assets	(Millions of yen)	
	FY2021 As of Nov. 30, 2021	FY2022 third-quarter As of Aug. 31, 2022
Current assets		
Cash and deposits	46,795	41,855
Notes and accounts receivable - trade	23,531	25,841
Securities	101	0
Merchandise and finished goods	28,553	32,500
Work in process	6,566	8,465
Raw materials and supplies	7,718	9,779
Other	2,669	3,480
Allowance for doubtful accounts	(179)	(201)
Total current assets	115,757	121,722
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,191	24,293
Machinery, equipment and vehicles, net	32,600	33,525
Land	15,950	15,948
Other, net	5,513	6,731
Total property, plant and equipment	78,255	80,498
Intangible assets		
Goodwill	4,638	4,533
Other	1,276	1,365
Total intangible assets	5,915	5,898
Investments and other assets		
Investment securities	4,292	4,491
Other	5,983	8,449
Allowance for doubtful accounts	(445)	(455)
Total investments and other assets	9,829	12,485
Total non-current assets	94,000	98,883
Total	209,757	220,605

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Millions of yen)	
	FY2021 As of Nov. 30, 2021	FY2022 third-quarter As of Aug. 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,244	5,673
Short-term loans payable	2,329	1,059
Current portion of convertible bond-type bonds with share acquisition rights	1,670	-
Current portion of long-term loans payable	1,615	1,121
Income taxes payable	3,156	2,349
Provision for bonuses	472	1,850
Provision for directors' bonuses	282	283
Other	11,059	8,404
Total current liabilities	25,830	20,742
Non-current Liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	20,136	19,083
Net defined benefit liability	788	1,047
Provision for loss on guarantees	38	80
Other	3,163	3,294
Total non-current liabilities	29,126	28,505
Total liabilities	54,957	49,247
Net assets		
Shareholders' equity		
Capital stock	12,239	13,044
Capital surplus	12,968	13,785
Retained earnings	120,192	127,141
Treasury stock	(1,041)	(6,457)
Total shareholders' equity	144,359	147,514
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	778	915
Deferred gains or losses on hedges	3	0
Foreign currency translation adjustment	(1,329)	11,047
Total accumulated other comprehensive income	(547)	11,963
Non-controlling interests	10,988	11,880
Total net assets	154,800	171,357
Total liabilities and net assets	209,757	220,605

Consolidated Summary Statement of Income
OSG Corporation

		(Millions of yen)
	FY2021 third-quarter (2020/12/1 - 2021/8/31)	FY2022 third-quarter (2021/12/1 - 2022/8/31)
Net sales	92,541	103,502
Cost of sales	56,862	61,415
Gross profit	35,678	42,086
Selling, general and administrative expenses	24,366	27,051
Operating income	11,311	15,034
Non-operating income		
Interest income	106	243
Dividend income	48	74
Foreign exchange gains	93	523
Other	779	911
Total non-operating income	1,027	1,753
Non-operating expenses		
Interest expenses	199	195
Sales discounts	522	-
Other	210	328
Total non-operating expenses	932	524
Ordinary income	11,406	16,264
Extraordinary income		
Gain on sales of non-current assets	191	-
Total extraordinary income	191	-
Income before income taxes	11,597	16,264
Income taxes - current	4,310	5,462
Income taxes - deferred	(816)	(1,020)
Total income taxes	3,493	4,442
Net income	8,103	11,821
Net income attributable to non-controlling interests	292	472
Net income attributable to OSG Corporation	7,811	11,349

Consolidated Statement of Comprehensive Income
OSG Corporation

	(Millions of yen)	
	FY2021 third-quarter (2020/12/1 - 2021/8/31)	FY2022 third-quarter (2021/12/1 - 2022/8/31)
Net income	8,103	11,821
Other comprehensive income		
Valuation difference on available-for-sale securities	(57)	134
Deferred gains or losses on hedges	(0)	(3)
Foreign currency translation adjustment	4,034	13,178
Share of other comprehensive income of associates accounted for using equity method	(4)	(21)
Total other comprehensive income	3,972	13,289
Comprehensive income	12,076	25,110
(Breakdown)		
Comprehensive income attributable to OSG Corporation	11,712	23,859
Comprehensive income attributable to non-controlling interests	364	1,251

Operations by Geographical Segment

Results for FY2021 third-quarter (Dec. 1, 2020 through Aug. 31, 2021)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	35,332	16,088	18,103	23,016	92,541	-	92,541
Interarea transfers	14,111	473	102	1,855	16,542	(16,542)	-
Total sales	49,444	16,561	18,205	24,871	109,083	(16,542)	92,541
Operating income	4,656	2,367	1,419	3,531	11,975	(663)	11,311

Results for FY2022 third-quarter (Dec. 1, 2021 through Aug. 31, 2022)

(Millions of yen)

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	36,640	19,832	20,944	26,084	103,502	-	103,502
Interarea transfers	16,486	757	178	2,522	19,944	(19,944)	-
Total sales	53,127	20,589	21,122	28,607	123,446	(19,944)	103,502
Operating income	6,457	2,973	2,018	4,746	16,196	(1,161)	15,034

(Note) Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc.

have been applied from FY2022 first-quarter, accounting principles regarding revenue have been changed.

Therefore, calculation method of regional operating income has been changed.

This change rarely affects sales and operating income.

Net sales by Product Segment

(Millions of yen)

	FY2021 third-quarter (2020/12/1 - 2021/8/31)	FY2022 third-quarter (2021/12/1 - 2022/8/31)
Cutting tools:		
Taps	31,788	36,558
End mills	17,446	19,164
Drills and other cutting tools	26,388	29,687
Subtotal	75,624	85,410
Rolling dies	7,533	7,756
Gauges	1,267	1,462
Other:		
Machine	2,826	2,685
Other	5,289	6,188
Subtotal	8,116	8,873
Total	92,541	103,502

(Note) Since "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc.

have been applied from FY2022 first-quarter, the amounts of the current third quarter reflect the application of it.